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December 29, 2010

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MILLER NASH LLP

Steven F. Hill
Miller Nash LLP
500 East Broadway,
Suite 400,
Vancouver, WA 98660-3324

Re: Insured: Kaiser Gypsum Company, Inc.; Insurer: London & Edinburg; Policy No. L061715; Claim:
Lower Duwamish Waterway Superfund Site // To: Cravens, Dargan & Company

Case No.

Dear Sir/Madam:

We are herewith returning the Letter which we received regarding the above captioned matter.

CRAVENS, DARGAN & COMPANY withdrew to do business in the State of DE on 07/02/1991. When an entity withdraws, the designation of the registered agent is revoked. Service can no longer be taken on behalf of this entity.

Very truly yours,

Amy Baccellieri
SOP Process Specialist

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December 22, 2010

**BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Cravens, Dargan & Company
c/o The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

Cravens, Dargan & Company
1903 Hermann Drive
Houston, TX 77004

Cravens, Dargan & Company
c/o Malcom Cravens, Registered Agent
234 Bush Street
San Francisco, CA 94104

London and Edinburgh Insurance Company, LTD
Wilson Elser Moskowitz Edelman & Dicker
150 E 42nd Street
New York, NY 10017

Subject: Insured: Kaiser Cement Corporation
Insurer: London & Edinburg (Cravens)
Policy No. (Periods): L061715 (09/15/62-09/15/63)
Claim: Lower Duwamish Waterway Superfund Site

Dear Ladies and Gentlemen:

We represent Kaiser Cement Corporation, now known as Hanson
Permanente Cement, Inc. ("KCC"), in connection with the necessary investigation that it
is undertaking in order to respond to the United States Environmental Protection
Agency's ("EPA") February 19, 2010 request for information served on KCC pursuant to
Section 104(e) of the Comprehensive Environmental Response, Compensation, and

039391-0008/VANDOC5:501-708.1

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December 22, 2010
Page 2

Liability Act ("CERCLA"), 42 U.S.C. § 9604(e). Section 104(e) of CERCLA obligates KCC to respond to EPA's multi-part questions relating to KCC's historical ownership and operations on riparian property that KCC formerly owned along the Lower Duwamish Waterway ("LDW") in Seattle, Washington. The LDW is a waterway that has been listed on the CERCLA National Priorities List as a federal Superfund site (the "LDW Superfund Site") due to the release or substantial threat of release of hazardous substances in or around the waterway. Compliance with the EPA's Section 104(e) information request is required by law, and failure to respond may subject KCC to an EPA enforcement action and civil penalties of up to \$37,500 per day.

KCC is in the process of investigating its historical connection with the LDW. To date, we have only been able to confirm that KCC owned property and conducted cement operations at two separate locations along the LDW, including 5906 West Marginal Way S.W. (the "Westside Property") and 5975 East Marginal Way S. (the "Eastside Property") in Seattle, Washington (collectively referred to as the "Seattle Properties"). In addition, our preliminary review of historical documents, including publicly available real property records, has confirmed the following:

- KCC purchased a portion of the Eastside Property in June 1944. KCC constructed a cement distribution facility on the Eastside Property, which started operation in approximately October 1946. The facilities on the Eastside Property that were owned and operated by KCC included a dolphin pier, silos, storage facilities, a sacking plant, railroad spurs, truck loading accommodations, and an office building.
- In December 1953, KCC sold a portion of the Eastside Property to Kaiser Gypsum Company, Inc.
- In October 1958, KCC purchased additional real property, including a water inlet, from Commercial Waterway District No. 1, in order to expand the Eastside Property.
- In January 1965, KCC entered into a long-term lease with the Port of Seattle (the "Port") for the Westside Property. A condition of the lease required KCC to build a cement manufacturing and distribution facility. This facility was constructed and began operations in 1967. KCC entered into a real estate contract with the



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December 22, 2010
Page 3

Port in May 1969. By fulfillment deed, KCC acquired fee title in the Westside Property on September 17, 1973.

- On October 1, 1985, KCC sold all of its interest in the remainder of the Eastside Property to Riedel International, Inc.
- On April 14, 1987, KCC sold all of its interest in the Westside Property to Lone Star Industries, Inc.

KCC has not located any former officers or employees of KCC with knowledge of its operations at the Seattle Properties. On June 23, 2010, KCC filed a preliminary response to EPA's Section 104(e) information request based on the information we were able to gather, including the information recited above, from real property records, tax records, and certain historical documents that were previously gathered by KCC's defense counsel during KCC's defense of asbestos litigations.

We understand that at or around the time that it ceased active business operations, KCC collected certain of its business records and sent them to storage facilities in California. These documents cover a variety of historical information, and are believed to contain documents related to historical KCC operating facilities in multiple states, including Washington. KCC was able to locate certain indexes of the California documents, but these indexes were not created with EPA's Section 104(e) information request in mind. Therefore, it is very difficult to determine the extent of documents that might contain information responsive to EPA's Section 104(e) information request or the scope of document review that might be necessary to search for such documents. We do know, however, that there are approximately 10,000 boxes of historic documents stored in California.

During preparation of KCC's response to the Section 104(e) information request, we contacted EPA and informed EPA that these historical records existed. We also indicated to EPA that, given the volume of these historical documents, we would not be able to review them by the deadline EPA had imposed for KCC's response. EPA requested that KCC file a preliminary response to the Section 104(e) information request by its deadline using the information and documents readily available to KCC. EPA further requested that KCC agree to conduct a thorough review of the historical records and supplement its response to the Section 104(e) information request in the next few months.



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December 22, 2010
Page 4

At this time, our office has conducted a preliminary review of the available box indexes for the California documents and it is clear that some boxes may contain information responsive to EPA's Section 104(e) information request. In order to fully respond to EPA's Section 104(e) information request and avoid the imposition of liability on KCC for failing to have done so, counsel for KCC will need to conduct extensive searches of the California documents over the next few months and will need to supplement KCC's preliminary response, as appropriate, based on any responsive information identified as a result of such searches. In sum, KCC needs to undertake the process of conducting an investigation of the available information in order to complete its legal obligation to respond to EPA's Section 104(e) information request.

At this time, we do not know if KCC may have contributed to any contamination of the LDW Superfund Site. But as a former owner of property within the boundaries of the LDW Superfund Site, KCC is potentially liable for any contamination of the LDW Superfund Site that may have occurred during KCC's ownership and operation of the Seattle Properties. In order to assess its potential liability and to comply with its legal obligation to respond to EPA's Section 104(e) information request, KCC is obligated to complete its review of the historical corporate documents stored in California.

Based on our records, Certain Underwriters At Lloyd's, London (Cravens) ("Lloyd's") sold excess and/or umbrella liability insurance policies to KCC (formerly known as Permanente Cement Company and Kaiser Cement & Gypsum Corporation), naming KCC as an additional insured, during the period from 1962 through 1963. The specific Lloyd's policy that we have located to date is listed above.

The EPA's Section 104(e) information request requires KCC to defend itself from any claims that it is a liable party for the contamination discovered in the LDW Superfund Site. Should further review of historical records establish a basis for KCC's potential liability for contamination of the LDW Superfund Site, we expect that EPA will name KCC as a potentially responsible party for the LDW Superfund Site. Accordingly, on behalf of KCC, we hereby put Lloyd's on notice of this potential claim and request that Lloyd's provide coverage for this claim and any other claims against KCC that are related to the LDW Superfund Site.



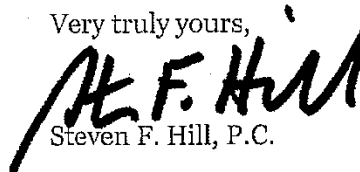
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If you have any questions, please e-mail me at steve.hill@millernash.com
or call me at 360.699.4771.

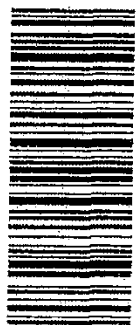
Very truly yours,



Steven F. Hill, P.C.

cc: Brian Kelly
Claire Louis

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FROM: Amy Baccellieri (302) 658-7581
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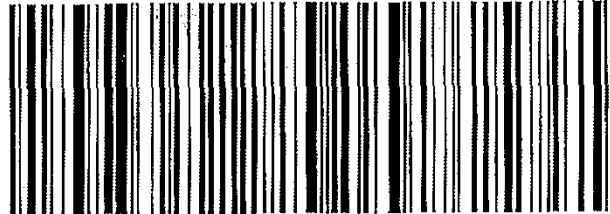
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